

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

BY REQUEST OF THE SENATE FINANCE STANDING COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE REPORTING AND PAYMENT OF VIDEO GAMBLING MACHINE GROSS INCOME TAX TO A MONTHLY RATHER THAN A QUARTERLY BASIS; AMENDING SECTIONS 23-5-610 AND 23-5-621, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 23-5-610, MCA, is amended to read:

"23-5-610. (Temporary) Video gambling machine gross income tax -- credit -- records -- distribution -- ~~quarterly~~ monthly statement and payment. (1) A licensed machine owner shall pay to the department a video gambling machine tax of 15% of the gross income from each video gambling machine issued a permit under this part. A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the machines or of machine tampering and the amounts stolen are documented.

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine during the 12-month period ending December 31, 2001;

(ii) the department determines that the video gambling machine is incapable, in the form in which it was approved by the department, of communicating with the automated accounting and reporting system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine to make it compatible with the automated system.

1 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling
2 machine or the actual hardware and software cost necessary for conversion of the video gambling machine to
3 the automated accounting and reporting system, whichever is less.

4 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the
5 ~~quarter or quarters~~ month or months that begin after the video gambling machine for which the tax credit is
6 claimed is connected to the automated accounting and reporting system authorized by 23-5-637.

7 (4) A licensed machine owner shall keep a record of the gross income from each video gambling
8 machine issued a permit under this part in the form the department requires. The records must at all times during
9 the business hours of the licensee be subject to inspection by the department.

10 (5) (a) For each video gambling machine issued a permit under this part but not connected to the
11 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after
12 the end of each ~~quarter~~ month and in the manner prescribed by the department, complete and deliver to the
13 department a statement showing the total gross income, together with the total amount due the state as video
14 gambling machine gross income tax for the preceding ~~quarter~~ month. The statement must contain other relevant
15 information that the department requires.

16 (b) For each video gambling machine issued a permit under this part that is connected to the
17 department's automated accounting and reporting system, the department shall, within 5 working days after the
18 end of each ~~quarter~~ month, complete and deliver to the licensed machine owner (with a copy sent to the licensed
19 operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement
20 showing the total gross income from the video gambling machine, together with the total amount due the state
21 as video gambling machine gross income tax for the preceding ~~quarter~~ month. The licensed machine owner shall
22 remit the total amount due the state under this subsection within 25 days after the end of each ~~quarter~~ month.

23 (6) Except as provided in subsection (7), the department shall, in accordance with the provisions of
24 15-1-501, forward the tax collected under subsection (5) to the general fund.

25 (7) Receipts from the taxes collected under this section are pledged and dedicated to guarantee
26 repayment of loans participated in under 23-5-638 in an amount sufficient to meet the prepayment obligation
27 for the fiscal year during which the loans are made. The amount of taxes pledged by this subsection is the dollar
28 amount of loan participation under 23-5-638 and must be allocated to a separate account in the short-term
29 investment pool. The board of investments is not entitled to use the proceeds from taxes collected under this
30 section to repay a loan made under 23-5-638 unless the board certifies that all other commercially available

means of collection on the loan have been exhausted. (Terminates December 31, 2005--sec. 10, Ch. 424, L. 1999.)

23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- credit -- records -- distribution -- ~~quarterly~~ monthly statement and payment. (1) A licensed machine owner shall pay to the department a video gambling machine tax of 15% of the gross income from each video gambling machine issued a permit under this part. A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the machines or of machine tampering and the amounts stolen are documented.

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine during the 12-month period ending December 31, 2001;

(ii) the department determines that the video gambling machine is incapable, in the form in which it was approved by the department, of communicating with the automated accounting and reporting system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine to make it compatible with the automated system.

(b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling machine or the actual hardware and software cost necessary for conversion of the video gambling machine to the automated accounting and reporting system, whichever is less.

(3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the ~~quarter or quarters~~ month or months that begin after the video gambling machine for which the tax credit is claimed is connected to the automated accounting and reporting system authorized by 23-5-637.

(4) A licensed machine owner shall keep a record of the gross income from each video gambling machine issued a permit under this part in the form the department requires. The records must at all times during the business hours of the licensee be subject to inspection by the department.

(5) (a) For each video gambling machine issued a permit under this part but not connected to the

department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after the end of each ~~quarter~~ month and in the manner prescribed by the department, complete and deliver to the department a statement showing the total gross income, together with the total amount due the state as video gambling machine gross income tax for the preceding ~~quarter~~ month. The statement must contain other relevant information that the department requires.

(b) For each video gambling machine issued a permit under this part that is connected to the department's automated accounting and reporting system, the department shall, within 5 working days after the end of each ~~quarter~~ month, complete and deliver to the licensed machine owner (with a copy sent to the licensed operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement showing the total gross income from the video gambling machine, together with the total amount due the state as video gambling machine gross income tax for the preceding ~~quarter~~ month. The licensed machine owner shall remit the total amount due the state under this subsection within 25 days after the end of each ~~quarter~~ month.

(6) The department shall, in accordance with the provisions of 15-1-501, forward the tax collected under subsection (5) to the general fund."

Section 2. Section 23-5-621, MCA, is amended to read:

"23-5-621. Rules. (1) The department shall adopt rules that:

(a) implement 23-5-637;

(b) describe the video gambling machines authorized by this part and state the specifications for video gambling machines authorized by this part;

(c) allow video gambling machines to be imported into this state and used for the purposes of trade shows, exhibitions, and similar activities;

(d) allow each video gambling machine connected to the department's automated accounting and reporting system to offer any combination of approved poker, keno, and bingo games within the same video gambling machine cabinet;

(e) allow, on an individual license basis, licensed machine owners and operators of machines connected to the department's automated accounting and reporting system to:

(i) electronically acquire and use for an individual licensed premises the information and data collected by the department for business management, accounting, and payroll purposes; however, the rules must specify that the data made available as a result of the department's automated accounting and reporting system may

not be used by licensees for player tracking purposes; and

(ii) acquire and use, at the expense of a licensee, a department-approved site controller;

(f) provide that, for video gambling machines connected to the department's automated accounting and reporting system, machine paper audit and accounting rolls need not be retained for more than ~~4~~ 12 consecutive ~~quarters~~ months; and

(g) minimize, whenever possible, the recordkeeping and retention requirements for video gambling machines that are connected to the department's automated accounting and reporting system.

(2) The department's rules for an automated accounting and reporting system must, at a minimum:

(a) provide for confidentiality of information received through the automated accounting and reporting system within the limits prescribed by 23-5-115(6) and 23-5-116;

(b) prescribe specifications for maintaining the security and integrity of the automated accounting and reporting system;

(c) limit and prescribe the circumstances for electronic issuance of video gambling machine permits and electronic transfer of funds for payment of taxes, fees, or penalties to the department based on the requirement that electronic permitting and transfer of funds may be done only when the department has a request in writing from the owner of the electronic funds transfer account; and

(d) limit and prescribe the circumstances under which machines may be disabled for malfunctions or violations detected by use of the automated accounting and reporting system or for other violations of this chapter. Under no circumstances may machines connected to the automated system be disabled for violations except upon clear and convincing evidence supporting a determination made after notice and an opportunity for hearing and with the right of judicial review under the Montana Administrative Procedure Act."

NEW SECTION. **Section 3. Effective date.** [This act] is effective January 1, 2004.

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